MEMORANDUM OF UNDERSTANDING

BETWEEN THE

GOVERNMENT OF PORTUGAL

AND THE

GOVERNMENT OF THE UNITED STATES OF AMERICA

CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION

IN THE RESEARCH, DEVELOPMENT, PRODUCTION, PROCUREMENT AND LOGISTIC SUPPORT

OF DEFENSE EQUIPMENT

PREAMBLE

The Government of the United States of America and the Government of Portugal, duly represented by their Ministers of Defense:

Intending to increase their respective defense capabilities through more efficient cooperation in the fields of research, development, production, procurement and logistic support in order to:

- Make the most cost-effective and rational use of the resources available for defense,
- Ensure the widest possible use of standard or interoperable equipment,
- Develop and maintain an advanced industrial and technological capability for the North Atlantic Alliance, and particularly with respect to the parties to this Memorandum of Understanding (MOU), and

Seeking to improve the present situation and to strengthen their military capability and economic position through the further acquisition of standard or interoperable equipment,

Have entered into this Memorandum of Understanding in order to achieve the above aims.

This Memorandum of Understanding sets out the guiding principles governing mutual cooperation in research, development, production, procurement and logistic support of conventional defense equipment.

The two Governments conclude this MOU to strengthen the North Atlantic Alliance. In so doing, the Governments are fully aware that the Independent European Program Group (IEPG) wants to enhance equipment collaboration by more comprehensive and systematic arrangements. They therefore agree that in the event of a possible conflict between agreements entered into between the IEPG and the Government of the United States, and this MOU, the parties hereto will consult with a view to amending this MOU.

The two Governments further agree that this MOU should be viewed in the larger context of the cooperation between Europe and North America within the Alliance.

ARTICLE I

Principles Governing Mutual Defense Cooperation

1. Both Governments intend to facilitate the mutual flow of defense procurement, taking into consideration relative technological levels of such procurement, and consistent with their national policies.

This facilitation shall be sought through the provision of opportunities to compete for procurements of defense equipment and services as well as through the coproduction of defense equipment and defense R&D cooperation.

- 2. This MOU is intended to cover areas in which possible bilateral cooperation could be achieved in research, development, production, procurement and logistic support of conventional defense equipment, complementing the work of the Conference of National Armament Directors (CNAD), the Independent European. Program Group (IEPG), and the Senior NATO Logisticians Conference (SNLC).
- 3. The two Governments will, consistent with their relevant laws and regulations, give the fullest consideration to all requests for cooperative R&D, and to all requests for production and procurement which are intended to enhance standardization and/or interoperability within the Alliance.
- 4. In the interests of standardization and the effective utilization of scarce resources, the two Governments shall, to the extent possible, adopt qualified defense items that have been developed or produced in the other country to meet their requirements.
- 5. The two Governments shall mutually determine the counting procedures to be laid down in an Annex to this MOU that will apply to all defense items and defense services purchased by them directly or through their relevant industries under this MOU.
- 6. Each Government shall from time to time notify the other Government of defense items that may not be acquired by the

notifying Government from other than domestic sources, as well as those defense items that may be particularly suitable for acquisition by the other Government.

- 7. Both Governments will provide appropriate policy guidance and administrative procedures within their respective defense acquisition organizations to facilitate achievement of the aims of this MOU.
- 8. Competitive contracting procedures shall normally be used in acquiring items of defense equipment developed or produced in each other's country for use by either country's defense establishment.
- 9. The detailed implementing procedures, to be agreed, will, consistent with and to the extent permitted by national laws and regulations, incorporate the following:
- a. Offers or proposals will be evaluated without applying price differentials under buy national laws and regulations and without applying the costs of import duties;
- b. Full consideration will be given to all qualified industrial and/or governmental resources in each other's country;
- c. Offers or proposals will be required to satisfy requirements of the purchasing Government for performance, quality, delivery, and costs.
- 10. Both Governments will review items submitted as candidates for respective requirements. They will indicate requirements and proposed purchases in a timely fashion to ensure adequate time for their respective industries to qualify for eligibility and submit a bid or proposal.
- 11. Each Government will ensure that the technical data packages (TDP's) made available under this MOU are not used for any purpose other than for the purpose of bidding on and performing a prospective defense contract, without the prior agreement of those owning or controlling proprietary rights and that full protection shall be given to such proprietary rights, or to any privileged, protected, or classified data and information they contain. In no event shall the TDP's be transferred to any third country or any other

transferee without the prior written consent of the originating Government.

- 12. Third party transfers of defense articles or technical data made available under this MOU, and of articles produced with such data, will be subject to the agreement of the Government that made available the defense articles or technical data, except as otherwise provided in particular arrangements between the two Governments.
- 13. Both Governments will use their best efforts to assist in negotiating licenses, royalties and technical information exchanges with their respective industries or other owners of such rights.
- 14. Arrangements and procedures will, at the request of the purchasing government, be established concerning follow-on logistic support for items of defense equipment, purchased pursuant to this MOU. Both Governments will make their defense logistic systems and resources available for this purpose as required and mutually agreed.

ARTICLE II

Implementing Procedures

- 1. Representatives of the two Governments will be appointed to determine in detail the procedures for implementing this MOU and the terms of reference for a Portugal-U.S. Committee for Mutual Cooperation.
- 2. The Under Secretary of Defense for Research and Engineering will be the responsible authority in the United States Government for the development of implementing procedures under this MOU.
- 3. The Director General of Armaments and the Secretary of State for Light Industry will be the responsible authorities of the Government of Portugal for the development of the implementing procedures under this MOU.

ARTICLE III

Industry Participation

- 1. Each Government will be responsible for calling to the attention of the relevant industries within its territory the basic understanding of this MOU, together with appropriate implementing guidance. Both Governments will take all necessary steps so that the industries comply with the regulations pertaining to security and to safeguarding classified information.
- 2. Implementation of this MOU will involve full industrial participation. Accordingly, the Governments will arrange to inform their respective procurement and requirements offices concerning the principles and objectives of this MOU. However, primary responsibility for finding business opportunities in areas of research and development and production shall rest with the industries in each nation.

ARTICLE IV

Security

- 1. To the extent that any items, plans, specifications or information furnished in connection with the specific implementation of this Memorandum of Understanding are classified by the furnishing Government for security purposes, the other Government shall maintain a similar classification and employ all measures necessary to preserve such security equivalent to those measures employed by the classifying Government throughout the period during which the classifying Government may maintain such classifications.
- 2. Information that has been provided by the Government of Portugal to the United States in confidence, or produced by the United States pursuant to a written joint arrangement with the Government of Portugal requiring confidentiality, shall either retain its original classification designation, or be assigned a United States classification designation that shall ensure a degree of protection against disclosure equivalent to that required by the Government of

Portugal. To assist in providing the desired protection, the Government of Portugal will mark such information furnished to the U.S. Government with a legend indicating that the information is of Portuguese Government origin, that the information relates to the MOU and that the information is furnished in confidence.

ARTICLE V

Administration

- 1. The Portugal-U.S. Committee for Mutual Cooperation, referred to in Article II above, will meet as agreed or at the request of either Government to review progress in implementing the MOU. They will discuss research and development, production and procurement needs of each nation and the likely areas of cooperation; agree to the basis of and keep under review, the financial statement referred to below; and consider any other matters relevant to this MOU.
- 2. Each Government will designate points of contact at the Ministry of Defense level and in each purchasing service/agency under the Ministries of Defense.
- 3. An annual United States-Portugal statement of the current balance, and long-term trends, of R&D cooperation and purchases between the two nations will be prepared on a basis to be mutually agreed.

ARTICLE VI

Annexes

Annexes negotiated by the responsible officials and approved by the appropriate Government authorities will be incorporated in this MOU.

ARTICLE VII

Duration

1. This MOU will remain in effect for a ten-year period and will

be extended for successive five-year periods, unless the Governments mutually decide otherwise.

2. If, however, either Government considers it necessary for compelling national reasons to terminate its participation under this MOU before the end of the ten-year period, or any extension thereof, written notification of its intention will be given to the other Government six months in advance of the effective date of termination. Such notification of intent shall become a matter of immediate consultation with the other Government to enable the Governments fully to evaluate the consequences of such termination and, in the spirit of cooperation, to take such actions as necessary to alleviate problems that may result from the termination. In this connection, although the MOU may be terminated by the Parties, any contract entered into consistent with the terms of this MOU shall continue in effect, unless the contract is terminated in accordance with its own terms.

ARTICLE VIII

Implementation

This MOU will come into effect on the date of the last signature.

States of America	
The Secretary of Defense	The Minister of Defense
Harold Brown	mi Allh L. e. l.k.
Date 28 March 1979	pai Allh L. e. 12.

For the Government of the United For the Government of Portugal

ANNEX I

TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE RESEARCH AND DEVELOPMENT, PRODUCTION, PROCUREMENT, AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT, DATED 28 MARCH 1979.

PRINCIPLES GOVERNING IMPLEMENTATION

1. INTRODUCTION

On 28 March 1979, the Government of the United States and the Government of Portugal signed a Memorandum of Understanding (MoU) relating to the principles governing mutual cooperation in research and development, production, procurement, and logistic support of defense equipment. This document sets forth the agreed implementing procedures for carrying out the MoU.

2. MAJOR PRINCIPLES

- 2.1 The U.S. Department of Defense (DoD) and the Ministry of Defense of Portugal (MoD) will consider for their defense requirements qualified defense items and services developed or produced in the other country.
- 2.2 It will be the responsibility of government and/or industry representatives in each country to acquire information concerning the other country's proposed research, developments, and purchases and to respond to requests for proposals in accordance with the prescribed acquisition procedures and regulations of the purchasing nation. However, the responsible government agencies in each country will assist sources in the other country to obtain information concerning intended research and development, proposed purchases, necessary qualifications and appropriate documentation.

3. ACTION

DoD and MoD will review and, where considered necessary, revise policies, procedures and regulations to ensure that the principles and objectives of this MoU, which are intended to be compatible with the broad aims of NATO Rationalization/Standardization, are taken into account. Recognizing that factors such as delivery date requirements for supplies, the interests of security, and the timely conduct of the contracting process are considerations, DoD and MoD agree that the following measures will be taken to ensure free and full competition for the award of contracts:

3.1 Ensure that their respective requirements offices are familiar with the principles and objectives of this MoU.

- 3.2 Ensure that their respective research and development offices are familiar with the principles and objectives of this MoU.
- 3.3 Ensure that their respective acquisition offices are familiar with the principles and objectives of this MoU.
- 3.4 Ensure wide dissemination of the basic understanding of this MoU to their respective defense industries.
- 3.5 Ensure that, to the extent permitted by national laws and regulations, offers of defense items produced in the other country will be evaluated without applying to such offers either price differentials under buy-national laws and regulations, or the cost of import duties. Provisions will be made for duty-free entry certificates and related documentation to the extent consistent with national laws and procedures.
- 3.6 Assist industries in their respective countries to identify and advise the other government of their production capabilities and assist such industries in carrying out the supporting actions to optimize industrial participation.
- 3.7 Review defense items and requests for services submitted as candidates for respective requirements. Identify requirements and proposed purchases in a timely fashion to ensure adequate time for their industries to participate in the acquisition process.
- 3.8 Make best efforts to assist in negotiating licenses, royalties, and technical information exchanges with their respective industries.
- 3.9 Permit the sales of equipment produced under license to Allied countries, and to appropriate third countries, subject to the policy outlined in Article I, paragraph 12 of the basic MoU. Each agreement for a joint development or coproduction will address transfers of items or technology to Allied or third countries.
- 3.10 Ensure that those items and services excluded from consideration under this MoU for reasons of protecting overriding national requirements, such as the maintenance of a defense mobilization base (Appendix 1), are limited to a small percentage of total annual defense acquisition spending. It is intended that such defense items and services, as well as those items and services that must be excluded from consideration under this MoU because of legally imposed restrictions on acquisition from non-national sources, be identified as soon as possible by the MoD and the DoD, and that such defense items and services be kept under review at this level.
- 3.11 Ensure that the balance of reciprocal purchasing within the areas of this MoU take into consideration the levels of technology involved, as well as the contractual value, in accordance with the policy outlined in Article 1, paragraph 1 of the basic MoU.

3.12 Arrange visits between appropriate government personnel from time to time in order actively to explore possibilities for acquisition and logistic support.

4. COUNTING PROCEDURES

- 4.1 The purchases to be counted against the goals of the MoU will be identified jointly by DoD and MoD. In principle, all defense items or components thereof, as defined in the basic MoU, and associated services included in a procurement contract, purchased by MoD and DoD from the other country will be counted against the goals of the MoU as long as such purchases meet the following criteria:
- 4.1.1 Direct purchases by the MoD and DoD, including their respective agencies, one from the other.
- 4.1.2 Direct purchases by either the MoD or DoD from the industry of the other country.
- 4.1.3 Purchases by industry from the Government or industry of the other country in the framework of Government defense contracts.
- 4.1.4 Purchases by a third country government from either US or Portuguese Governments or industrial sources as a direct result of commercial efforts of the other, non-supplying country.
- 4.1.5 Acquisitions by either country of defense items resulting from common funded projects to which the US and Portugal are contributors, to be credited in proportion to each country's financial contribution to the project, and to work carried out in each country. The extent to which such acquisitions will be counted against the goals of the MoU will be, at the time of procurement, mutually agreed between MoD and DoD on a case by case basis.
- 4.1.6 License fees, royalties and other associated income resulting from orders placed by DoD or MoD and/or industry in one country with a licensed company in the other country; or in MoD-DoD transactions.
- 4.2 The following non-defense items also will be counted against the goals of the MoU:
- 4.2.1 Purchases by the MoD or DoD from the industry of the other country, on behalf of other governmental departments and agencies.
- 4.2.2 Purchases by a third country government from the MoD or DoD or from industries of these two countries as a direct result of the efforts of the MoD/DoD of the other country.

5. ADMINISTRATION

5.1 Each country will designate points of contact at the Ministry of Defense level.

- 5.2 MoD and DoD representatives will meet periodically, alternately in each country, to review the projects undertaken in implementing the MoU. They will discuss acquisition and logistic support needs of each country and the likely areas of cooperation; they will update the financial statement referred to in paragraph 5.3 below as a means of judging the progress of activity in the period under review; and they will consider other matters relevant to this MoU. Specific tasks of the representatives are:
- 5.2.1 Review the status of acquisitions on the basis of the data available concerning such acquisitions, in comparable terms to be agreed upon by both Parties.
- 5.2.2 Consider additional steps necessary to facilitate the actions called for in paragraph 3.
- 5.3 An annual US/Portugal statement consolidating the current balance of defense equipment acquisition and logistic support between the two countries, as well as the long term trends, will be prepared on a basis to be mutually agreed.
- 5.4 Quality assurance procedures outlined in STANAG 4107 and 4108 (subject to the USG reservation concerning US reimbursement) will apply unless other provisions are mutually agreed to on any specific contract. Reimbursement for services provided shall be in accordance with national laws and regulations of each country.
- 5.5 This annex will come into effect on the date of the last signature.

For the Government of the United States of America For the Government of Portugal

Appendices

- 1. DoD List of Restricted Defense Items
- 2. MOD Portugal List of Restricted Defense Items

Appendix 1 Annex 1

Dod LIST OF RESTRICTED DEFENSE ITEMS UNDER MOU FOR RECIPROCAL DEFENSE PROCUREMENT

Section I - Items Procured Pursuant to DAR 3-216

NAVY

Fuzes, Safe and Arm Devices, and Similar Items

MK-13 Safe and Arm Device

MK-13 Triggering Device

MK-17 Safe and Arm Device

MK-33 Safe and Arm Device

MK-330 Fuze

MK-334 Fuze

MK-404 Fuze

MK-407 Fuze

FMU-109 Fuze

Missiles and Missile Components

AIM-7F Sparrow Missile

Guidance and Controls Section

MK-58 Rocket Motors

MK-71 Warhead Metal Parts

AIM-9L Sidewinder Missile

Guidance and Control Section

MK-36 Rocket Motors

DSU-15 Target Detector

AN/WDU-17 Warhead

MK 1 Wing and AN/BSU-32 Fins

Trident I (C-4) Missile System

Guidance and Control System

MK-5 Electronic Assemblies (EA)

MK-5 Inertial Measurement Unit Electronics (IMUE) and Monitor Component Assembly (MCA)

Backfit of Poseidon (C-3) SSBNs

Flares

MK-46 Flares, Infrared Decoy

Sonobuoys and Components

AN/SSQ-36

AN/SSO-41B

AN/SSQ-53A

AN/SSQ-57A

AN/SSQ-62

Ship Gun Systems

MK-75 Gun Mounts

Submarine Systems

Type 18B/D Periscope System TR 155 K 33 Transducers

Military Sealift Cargo

Ocean Transportation and Services

AIR FORCE

MAC Commercial Airlift GAU-8/A and 30mm Ammo

DEFENSE LOGISTICS AGENCY

Textiles - Worsted

ARMY

MK-30

L.A.P., Manufacturing & testing of projectiles (5.56mm through 8 inch), mines, dispensers, rockets, pyrotechnic devices, grenades, demolition charges, small arms ammunition and components, fuzes and components containing mechanical timing devices

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TOW Missile and Launcher
2.75 Rocket Items
  LAP Motor
                            Igniter
                            Motor Tube
  Fin & Nozzle Assy
  Stabilizer Rod
                            Seal Rings
  Felt Washer
                            Disc Charge Support
  Ring Charge Support
                            Spacer Charge Support
  O Ring
                            Lockwire
                            Launcher
  Metal Spacer
  Intervalometer
                            Fin Blades
Projectile Metal Parts for Cartridge 105mm (Beehive)
Projectile M406, M107 - 155mm
Projectile M509 - 8"
Projectile M735
Projectile M735, Metal Parts and Cores
Projectile M718/M141
155mm Cannister, XM625, XM626:
  Projectile Metal Parts for Cartridge 90mm
155mm Projectile, AT M718/M741 (RAAM): Component, Electronic
  Assemblies
Cartridge Case M118, M14B4
Fuze:
Ml Delay
MK-1
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MK-38 Energizer
MK-40 Energizer
MK-54
MK-73-13
MK-339-1/Inert
MK-379
MK-393/403
MK-404
MK-407
FMU-54B
M19
M42/46
M62A2
M91A2
M84A1
M114 S&A
M118 S&A
M201A1
M213
M19E1
M223
M228
M427/M423
M494/571
M505A3 (MPTS)
M505
M509A2
M509A2
M564
M565
M567 (Comp Pts/Rewk)
M577/M582
M578
M578 (Comp Pts)
M732:
  Elec Head Final Assy
  Detonator
  Power Supply
  Sleeve
  Elec Timer, W/IC
M904E3
Casing Burster Warhead, M156
Fin Assy M158, M170
Adapter Booster - M147, M148
Body Assy and Base Plug, M404
Bomb, M117A1E1
Launcher Rocket 2AU 68A/A
Warhead Flechettes WDU 4A/A
M18 Mine Program
  Blasting Cap, Firing Device, Metal Parts, Test Sets
Laser Range Finder VVG-2 and M21 for Solid State Ballistic Computer
  for M60 Series Tank
Limited Light Sight
MX-9644 Image Intensifier Tube 25mm
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MX-7845 Image Intensifier Tube (1st generation) MX-8501 Image Intensifier Tube (1st generation) BA-4386 Battery AN/PVS-4 Night Vision Sights AN/PVS-5 Night Vision Goggles AN/PVS-5A Night Vision Goggles AN/VVS-2 Viewer AN/VSS-3 Searchlight Common Module Program (Thermal Imaging System) Tactical night vision systems -AN/TAS-4 AN/TAS-6 AN/TAS-5 GLLD/TAS-4 Machine Gun M240 Machine Gun M240 Spare Parts Electronic Time Fuze XM587E2/XM724 Power Supply PS127 Fuze Setter XM36El Tank Thermal Sights AN/VSG-2 Night Vision Goggles AN/PVS-5A Image Intensifier Assy MX-9916/UV Maintenance of idle portions of 21 GOCO facilities Consolidated Facilities Scranton AAP

Section II-Items Procured Pursuant to referenced DAR requirement

DAR 1-2207.2 - Jewel Bearings & Related Items

DAR 1-2207.3 - Miniature & Instrument Ball Bearings

DAR 1-2207.4 - Precision Components for Mechanical Time Devices

Section III-Other Critical National Defense Items

Hydraulic Turbine - Army (Civil Works)

APPENDIX 2 ANNEX I

MOD PORTUGAL LIST OF RESTRICTED DEFENSE ITEMS UNDER

MOU FOR RECIPROCAL DEFENSE PROCUREMENT

All the products manufactured by the Portuguese Military Arsenals:

- Fábrica Militar de Braço de Prata(FMBP)
- Fabrica Nacional de Munições de Armas Ligeiras (FNMAL)
- Arsenal do Alfeite (AA)
- Fábrica Nacional de Cordoaria (FNC)
- Oficinas Gerais de Material Aeronautico(OGMA)
- Oficinas Gerais de Fardamento e Equipamento (OGFE)

ANNEX II

TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL CONCERNING MUTUAL COOPERATION IN DEFENSE EQUIPMENT RESEARCH AND DEVELOPMENT, PRODUCTION, PROCUREMENT, AND LOGISTIC SUPPORT, DATED 28 MARCH 1979.

PRINCIPLES GOVERNING LOGISTIC SUPPORT OF COMMON EQUIPMENT

In implementing Article 1, paragraph 14 of the MoU, the two Governments shall be governed by the following:

- 1. When developing or procuring defense equipment, both Governments will agree upon the basis for joint follow-on logistic support in areas such as configuration control; interchangeability of assemblies, components and spare parts; maintenance; conversion; storage; spare parts provisioning; etc.
- 2. Arrangements and procedures will be established concerning follow-on logistic support and other forms of logistic cooperation, e.g., joint utilization of facilities.
- 3. In the contracting procedures for logistic support, paragraph 9, Article 1 of the MoU normally shall apply.
- 4. Both Governments will issue directives and guidelines to their respective armaments and logistics agencies to achieve the described goals of this MoU.
- 5. This annex will come into effect on the date of the last signature.

For the Government of the United States of America

For the Government of Portugal

Date

Z JUL 1980

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ANNEX III

TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF PORTUGAL CONCERNING THE PRINCIPLES GOVERNING MUTUAL COOPERATION IN THE RESEARCH AND DEVELOPMENT, PRODUCTION, PROCUREMENT, AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT, DATED 28 MARCH 1979.

TERMS OF REFERENCE

- 1. The Portugal/U.S. Committee for Mutual Cooperation (hereafter to be called "the Committee") will serve under the direct responsibility of the authorities listed in Article II, sub 2 and 3 of the MoU, respectively, as the main body in charge of the adequate implementation of the MoU.
- 2. In particular, the Committee will be responsible for ensuring implementation of the MoU governing the mutual cooperation in research and development, production, acquisition and logistic support of conventional defense equipment. To this end the Committee members will meet as required, but not less than annually, to review progress in implementing the MoU. In this review:
- 2.1 They will discuss research, development, production, acquisition, and logistic support needs of each country and the likely areas of cooperation, including joint activities in those fields.
- 2.2 They will exchange information as to the way the stipulations of the MoU have been carried out and, if need be, prepare proposals for amendments of the MoU and/or its annexes.
- 2.3 They will agree to the financial statement of the current balance, give guidance for its yearly preparation and formulate conclusions from it, such conclusions to include any long term trends which may be established.
- 2.4 They will consider any other matters relevant to the MoU.
- 2.5 They will report after each meeting and advise as appropriate.
- 2.6 The Committee will alternately meet in the United States and in Portugal. The country in which a particular meeting will take place will provide the chairman and the secretariat for that meeting.

For	the	Governme	ent	of	the	
Ur	nited	States	of	Ame	erica	ı

For the Government of Portugal

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